Senate

General Assembly

File No. 325

February Session, 2014

Substitute Senate Bill No. 353

Senate, April 3, 2014

The Committee on Energy and Technology reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE DEVELOPMENT OF CLASS I RENEWABLE ENERGY SOURCE PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-244v of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding subsection (a) of section 16-244e, an electric distribution company, or owner or private third-party developer of generation projects that emit no pollutants, may submit a proposal to the Department of Energy and Environmental Protection to build, own or operate one or more generation facilities up to an aggregate of **[**thirty**]** one hundred megawatts using Class I renewable energy sources, as defined in section 16-1, from July 1, **[**2011**]** 2014, to July 1, **[**2013**]** 2016. Each generation facility shall be equal to or greater than one megawatt but not more than **[**five**]** twenty megawatts. Each electric distribution company may enter into joint ownership agreements, partnerships or other agreements with **[**private developers

to carry out the provisions of this section] the owners or private third-party developers to procure the power, renewable energy credits and capacity produced by the generation facilities at a bundled price and pursuant to twenty-year contracts. The aggregate ownership for [an] all electric distribution [company] companies approved pursuant to this section on and after the effective date of this section shall not exceed [ten] fifty megawatts. The department shall evaluate such proposals pursuant to sections 16-19 and 16-19e and may approve one or more of such proposals if it finds that the proposal serves the long-term interest of ratepayers by providing air quality benefits, economic development, fuel diversity, energy independence, improved power reliability or increased price stability. Preference shall be given to any proposal where the proposed generation facility will be located on an existing brownfield. The department (1) shall not approve any proposal supported in any form of cross subsidization by entities affiliated with the electric distribution company, and (2) shall give preference to proposals that make efficient use of existing sites and supply infrastructure. No such company may, under any circumstances, recover more than the full costs identified in a proposal, as approved by the department. Nothing in this section shall preclude the resale or other disposition of energy or associated renewable energy credits purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the long-term contracts against the proceeds of the sale of energy or renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as determined by the authority that is nonbypassable when switching electric suppliers.

(b) (1) The Department of Energy and Environmental Protection shall conduct two solicitations of owners or private third-party developers for generation projects that emit no pollutants. The first solicitation shall be conducted in 2014 and the second solicitation shall be conducted in 2015, provided such solicitations shall not exceed an aggregate of fifty megawatts.

(2) The electric distribution companies may conduct ongoing solicitations for Class I renewable energy source projects for submission to the Department of Energy and Environmental Protection pursuant to the project size limitations described in subsection (a) of this section until all electric distribution companies reach an aggregate limit of fifty megawatts.

[(b) The**]** (c) An electric distribution company shall use the power, capacity and related products produced by **[**such**]** a facility constructed pursuant to this section to meet the needs of customers served pursuant to section 16-244c.

[(c)**]** (d) Notwithstanding the provisions of subdivision (1) of subsection (h) of section 16-244c, the amount of renewable energy produced from **[**such facilities**]** a facility constructed pursuant to this section shall be applied to reduce the electric distribution company's Class I renewable energy source portfolio standard obligations.

[(d)**]** (e) The department shall evaluate the proposals approved pursuant to this section and report in accordance with the provisions of section 11-4a to the joint standing committee of the General Assembly having cognizance of matters relating to energy whether proposals shall be accepted beyond July 1, **[**2013**]** 2016.

Sec. 2. (NEW) (*Effective October 1, 2014*) (a) As used in this section:

(1) "Shared clean energy facility" means a Class I renewable energy source, as defined in section 16-1 of the general statutes, that (A) is served by an electric distribution company, as defined in section 16-1 of the general statutes, (B) is within the same electric distribution company service territory as the individual billing meters for subscriptions, (C) has a nameplate capacity rating of three megawatts or less, and (D) has at least two subscribers;

(2) "Individual billing meter" means an individual electric meter or a set of electric meters, when such meters are combined for billing purposes, within the service territory of the subscriber's electric

distribution company;

(3) "Electric distribution company" has the same meaning as provided in section 16-1 of the general statutes;

(4) "Subscriber" means an in-state retail end user of an electric distribution company who (A) has contracted for a subscription, and (B) has identified an individual billing meter to which the subscription shall be attributed;

(5) "Subscriber organization" means any for-profit or not-for-profit entity permitted by Connecticut law that (A) owns or operates one or more shared clean energy facilities for the benefit of the subscribers, or (B) contracts with a third-party entity to build, own or operate one or more shared clean energy facilities; and

(6) "Subscription" means a beneficial use of a shared clean energy facility, including, but not limited to, a percentage interest in the total amount of electricity produced by such a facility or a set amount of electricity produced by such a facility.

(b) The Department of Energy and Environmental Protection, in consultation with the electric distribution companies, shall establish a three-year pilot program to support the development of shared clean energy facilities. On or before January 1, 2015, the department shall develop and issue a request for proposals from subscriber organizations seeking to develop a shared clean energy facility.

(c) The department shall select, pursuant to the request for proposals process, two recipients for the shared clean energy facility pilot program. To the extent possible, one recipient shall construct a shared clean energy facility in a municipality with a population of one hundred thousand or more and the other recipient shall construct a shared clean energy facility in a municipality with a population of less than one hundred thousand. The department shall establish (1) a billing credit for any subscriber of a shared clean energy facility, and (2) consumer protections for subscribers and potential subscribers of

such a facility, including, but not limited to, disclosures to be made when selling or reselling a subscription.

(d) Not later than one year after being selected for an award under the shared clean energy facility pilot program and annually for two years thereafter, each recipient shall submit a report, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and to the Department of Energy and Environmental Protection. Such report shall include, but not be limited to, information concerning the status of the shared clean energy facility.

(e) On or before January 1, 2018, the department shall file a report, in accordance with the provisions of section 11-4a of the general statutes, with the joint standing committee of the General Assembly having cognizance of matters relating to energy, (1) analyzing the success of the shared clean energy pilot program, (2) identifying and analyzing the success of programs in other states that allow facilities similar to a shared clean energy facility, and (3) recommending whether a permanent program should be established in this state and, if so, any necessary legislation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	16-244v
Sec. 2	*October 1, 2014*	New section

Statement of Legislative Commissioners:
In section 1(a), "pursuant to this section" was changed to "approved pursuant to this section on and after the effective date of this section" for clarity.

ET *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 $	FY 16 $
Department of Energy and Environmental Protection	CC&PUCF - Cost	100,000	100,000

Municipal Impact: None

Explanation

The bill requires the Department of Energy and Environmental Protection (DEEP) to establish a three year pilot program to support the development of "shared clean energy facilities." It is anticipated that DEEP will need to hire consultants at a cost of up to $100,000 per year for the development of this pilot program.

The bill also expands a program under which various entities previously were able to propose certain renewable energy projects to DEEP and requires DEEP to conduct solicitations from non-utility owners or private third-party developers for these projects. This has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue through FY 18 when the pilot program expires.

OLR Bill Analysis

sSB 353

AN ACT CONCERNING THE DEVELOPMENT OF CLASS I RENEWABLE ENERGY SOURCE PROJECTS.

SUMMARY:

This bill expands a program under which various entities could previously propose certain renewable energy projects to the Department of Energy and Environmental Protection (DEEP). It requires DEEP to conduct solicitations for such proposals in 2014 and 2015 from non utility project owners or developers and allows electric companies to conduct ongoing solicitations for such projects. The bill expands the factors DEEP must consider in approving the projects and requires it to evaluate the approved proposals and report to the Energy and Technology Committee on whether the proposal deadline should be extended beyond July 1, 2016.

The bill requires DEEP, in consultation with the electric companies, to establish a three-year pilot program to support development of "shared clean energy facilities." These are facilities with a generating capacity of up to three megawatts that use Class I renewable resources (e.g., wind or solar power). Facilities must be served by an electric company and have at least two subscribers, which are retail electric company customers located in the service territory of the electric company that serves the generating facility.

EFFECTIVE DATE: Upon passage, except for the shared clean energy facilities program which is effective October 1, 2014.

RENEWABLE GENERATION PROGRAM

Scope of the Program

The law allowed an electric company or other entity that owned or developed generation projects that do not pollute to submit a proposal

to DEEP between July 1, 2011 and July 1, 2013 to build, own, or operate up to an aggregate of 30 megawatts (MW) of generation capacity using Class I renewable energy sources. Of this amount, up to 10 MW could be owned by an electric company. Several proposals were submitted and approved by DEEP.

The bill allows these entities to submit proposals for projects with an additional 100 MW of generating capacity, of which the electric companies can own, in the aggregate, up to 50 MW. It broadens the range of eligible projects from those providing (1) more than one to up to five MW to (2) at least one MW up to 20 MW. The proposals must be submitted between July 1, 2014 and July 1, 2016.

Proposal Solicitations

The bill requires DEEP to conduct two solicitations of non-electric company owners or developers for such generation. DEEP must conduct the first solicitation in 2014 and the second in 2015. The combined solicitations cannot exceed 50 MW.

For projects under the prior law, electric companies could enter into joint ownership agreements, partnerships, or other agreements with the developers. For the new rounds, the bill allows the companies to enter these agreements with the generation owners or developers to procure the power, renewable energy credits, and capacity the facilities produce at a bundled price under 20-year contracts. (The credits are issued to renewable energy generators. Capacity is a facility's ability to generate power. The credits and capacity can be sold jointly with the power a facility generates or independently.)

The bill allows the electric companies to conduct ongoing solicitations for these projects for submission to DEEP, subject to the size limits described above. They can conduct these solicitations until all the electric companies reach an aggregate limit of 50 MW.

DEEP Evaluation and Approval

Under the law for prior proposals and the bill, DEEP must evaluate the proposals and may approve one or more proposals if it finds that a

proposal serves the long-term interests of ratepayers. The bill specifies, with regard to the new round, that proposals benefit ratepayers if they provide air quality benefits, economic development, fuel diversity, energy independence, improved power reliability, or increased price stability. The bill requires DEEP to give preference to proposed generation facilities that would be located on existing brownfields.

Under the law for prior proposals and the bill, DEEP (1) may not approve a proposal supported in any form through cross subsidization by entities affiliated with the electric company and (2) must give preference to proposals that make efficient use of existing sites and supply infrastructure. An electric company may not, under any circumstances, recover more than the full costs identified in a proposal, as approved by DEEP.

Under the law for prior proposals and the bill, the company must use the power, capacity, and related products produced by the facility to meet the needs of its standard-service and last-resort customers (the latter serves large customers who do not choose a competitive supplier). The amount of renewable energy produced from the facilities counts towards the electric company's Class I renewable energy source portfolio standard obligations.

SHARED CLEAN ENERGY PROGRAM

The bill requires DEEP, by January 1, 2015, to develop and issue a request for proposals (RFP) from subscriber organizations seeking to develop a shared clean energy facility. The organizations can be for-profit or not-for-profit. They must (1) own or operate one or more of the facilities for the benefit of subscribers or (2) contract with a third party to build, own, or operate one or more of these facilities.

DEEP must select, pursuant to the RFP, two recipients to participate in the program. To the extent possible, one recipient must build a facility in a municipality with a population of 100,000 or more (i.e., Bridgeport, Hartford, New Haven, Stamford, or Waterbury) and another in a smaller municipality.

DEEP must establish (1) a billing credit for facility subscribers and (2) consumer protections for potential and actual facility subscribers. The latter must include disclosures that must be made when selling or reselling a subscription.

Within one year of being selected to participate in the program and annually for the following two years, each participant must report to DEEP and the Energy and Technology Committee. The report must include information on the status of the facility.

By January 1, 2018, DEEP must submit a report to the Energy and Technology Committee that:

1. analyzes the success of the program;
2. identifies and analyzes the success of similar programs in other states; and
3. recommends whether Connecticut's program should be made permanent, and if so, proposes necessary legislation.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 22 Nay 1 (03/18/2014)